ING SPECIAL REPORT

catching up on lost time

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Legislation helps Baby Boomers get ahead

Number Crunch

The standard contributions for employer-sponsored retirement plans and IRAs will increase every few years between now and 2010. On top of that, EGTRRA also allows for additional "catch-up" savings for those who are at least age 50. For a little perspective, the employee deferral limits were between $8,500 and $10,500 annually, depending on the employer plan, prior to EGTRRA. Deductible contributions to traditional IRAs and after-tax contributions to Roth IRAs cumulatively reached their ceilings at $2,000. How much more can you save today? A lot.

Throughout the next decade, the Baby Boom generation will be retiring. As of 2004, nearly two-thirds of Baby Boomers surveyed said they'd like to retire by age 60, but only one in three expect to be able to do so.[1]

Early in the new millenium, Boomers started watching their retirement accounts dwindle due to an increasingly volatile and declining market. The market declines were compounded by the events of September 11, 2001 and the accounting scandals that followed. Even those who had saved regularly and knowledgeably were faced with the reality that they may not be able to retire as planned.

And then, there are those who waited until retirement was on the nearing horizon to start participating in a retirement savings plan. The story of those who are approaching retirement age but have little to no retirement savings is a familiar one.

A familiar story

Every day we hear stories of retirement planning gone awry – some begin with the statement, "Well, I cashed out my retirement plan to build my dream home," or buy a business or pay college tuition. Others thought they would be able to save enough on their own, without the help of an employer-sponsored retirement plan. Still more wonder, "Wasn't Social Security supposed to take care of me after I retire?" If you can identify with any of the above, or even if you have a story all your own, you're certainly not alone. In fact, two out of three Baby Boomers feel that they are unprepared for retirement, mostly because they didn't start saving early enough.[2]

We say it all the time – saving for your retirement is the most important investment you can make for your future and every little bit helps – especially with the benefits of tax-deferred growth potential and compound interest on your side. But whether you didn't start saving early enough, or the push and pull of recent market activity has left you somewhat baffled, there is hope for a healthy retirement.

[1] ING Retirement Readiness & Middle America Survey, Prepared for: ING US Financial Services, Prepared by: KRC Research, 2004.
[2] Ibid.

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Catch-up help

Thanks to the Economic Growth and Tax Relief Reconciliation Act of 2001 (otherwise known as Tax Reform or EGTRRA), employee deferral limits for employer retirement plans were raised significantly for 2002. Limits will continue to increase at least through 2010 unless repealed or otherwise changed, and the Tax Reform legislation will "sunset" in 2011. In addition to the increase in the general deferral limit, EGTRRA created a new, additional deferral contribution as a "catch-up" contribution for those who are at least age 50 by the end of the calendar year. The chart on the right will show you how much more you can elect to contribute into your employer-sponsored retirement plan each year, just for being at least age 50.

Starting from scratch

If you'll be 50 this year and started contributing today, the catch-up contribution allowance could help you accumulate a principal investment of $100,000 more than you would have contributed prior to Tax Reform. If you're already investing and have an existing balance, you'll experience the benefits of compounded interest.

IRAs, too

The same benefits apply to traditional IRAs as well. The total amount that may be contributed cumulatively to traditional and Roth IRAs jumped to $4,000 in 2005 from $3,000 in 2004.

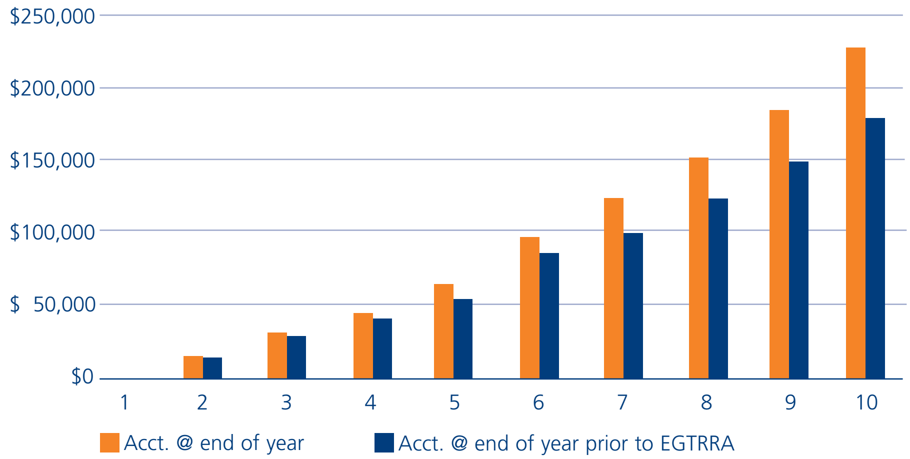
There's no better time than today. Talk to your employer about your employer-sponsored retirement plan, or contact your ING representative. You can also visit us on-line anytime at **www.ing.com/us**.

Employer-Sponsored Retirement Plan Maximum Contributions

Year	General Deferral Limit*	Allowed Catch-Up*** Contribution	Total Allowed Contribution
2005	14,000	4,000	18,000
2006	15,000	5,000	20,000
2007	15,000**	5,000**	20,000**
2008	15,000**	5,000**	20,000**
2009	15,000**	5,000**	20,000**
2010	15,000**	5,000**	20,000**

* Available to eligible participants in a 401(k), 403(b) or governmental 457 plan.
** Subject to annual cost of living adjustments.
*** Eligible participants in a governmental 457 plan must defer the greater of this catch-up or the special 457 catch-up in the same tax year.

Starting from Scratch



This hypothetical illustration assumes the maximum yearly employer-sponsored retirement plan contribution and an 8% return. It does not represent any specific investment or offer. Systematic investing does not ensure a profit nor guarantee against a loss. Consider your financial ability to continue purchasing through periods of low price levels. This illustration does not represent any specific investment or offer.

IRA Maximum Contributions

Year	General Contribution	Catch-Up* Contribution	Total Allowed Contribution
2005	4,000	500	4,500
2006	4,000	1,000	5,000
2007	4,000	1,000	5,000
2008	5,000	1,000	6,000
2009	5,000	1,000	6,000
2010	5,000	1,000	6,000

* For individuals age 50 and over.

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